

APPENDIX C: BLM Recommended Mitigation Measures (RMMs) for Conventional Application for Permit to Drill

**ENVIRONMENTAL ASSESSMENT (EA), WY-070-EA15-231
Ballard Petroleum Holdings, LLC
Leavitt Trust 1 POD**

Bureau of Land Management, Buffalo Field Office, Wyoming

Field Office: Buffalo Field Office
Address: 1425 Fort Street
Buffalo, Wyoming 82834
Office Telephone Number: 307-684-1100

Peak Powder River Resources, LLC, is under no obligation to abide by the following recommended measures.

The spud date will be reported electronically, (see website location above) to the Authorized Officer 24 HOURS BEFORE SPUDDING, unless otherwise required in site specific conditions of approval.

Spud Notice Site: http://www.wy.blm.gov/minerals/og/og_notices/spud_notice.php

Well List.

| Name and # | Twsp | Rng | Sec | Qtr | Surface Hole Lease | Lateral Lease | Bottom Hole Lease |
|------------------------------|------|-----|-----|------|--------------------|---------------|-------------------|
| Leavitt Trust Federal 41-6TH | 42N | 73W | 6 | NENE | Fee | Federal | Federal |

SITE SPECIFIC

Surface

1. The entire access road must be fully upgraded (including all water control structures such as wing ditches, culverts, relief ditches, turnouts, surfacing, etc.) and functional to BLM standards prior mobilizing the drilling equipment to the well location.
2. Re-contouring and interim reclamation will be initiated as soon as is practicable but not more than 6 months from the date of the well completion incorporating stored soil material into that portion of the well pad not needed for well production; exception(s) may be granted with sufficient justification.
3. Soil compaction will be remediated on all compacted surfaces and prior to the redistribution of topsoil on disturbed surfaces to the depth of compaction by methods that prevent mixing of the soil horizons. BLM's recommended methods are sub-soiling, para-plowing, or ripping with a winged shank. Scarification is acceptable on areas identified as very shallow or shallow soils.
4. The production facility for this location is not approved with this APD. The operator must submit a new production design that maximizes interim reclamation, i.e. the production tanks placed near the road entrance.

Wildlife

Raptors

The following conditions will alleviate impacts to raptors:

1. No surface-disturbing activity shall occur within 0.5 mile of all identified raptor nests from February 1 through July 31, annually, prior to a raptor nest occupancy survey for the current breeding season.

2. Surveys to document nest occupancy shall be conducted by a biologist following BLM protocol, between April 15 and June 30. All survey results shall be submitted in writing to a Buffalo BLM biologist and approved prior to surface-disturbing activities. Surveys outside this window may not depict nesting activity. If a survey identifies active raptor nests, a 0.5 mile timing buffer will be implemented. The timing buffer restricts surface-disturbing activities within 0.5 mile of occupied raptor nests from February 1 to July 31.
3. If an undocumented raptor nest is located during project construction or operation, the Buffalo Field Office (307-684-1100) shall be notified within 24 hours

Migratory Birds

1. Habitat removal is prohibited during the migratory bird nesting season (May 1 – Aug 1) unless a nesting survey performed by a biologist confirms an absence of nesting birds in the disturbance area. This stipulation applies to the Leavitt Trust 1 POD 41-6TH well and associated infrastructure.
 - a) Results of the nesting survey must be submitted in writing to a Buffalo BLM biologist prior to commencement of activities.
 - b) If the survey shows an absence of nesting birds, then habitat can be removed within 10 days of the survey. After 10 days a new survey is required.
 - c) If the survey shows nesting birds are present within the habitat that will be removed, then the activity will be delayed until nestlings have fledged.
 - d) Exceptions for alternate timelines or specific activities will be evaluated by a BLM biologist on a case by case basis.
2. Migratory birds shall be effectively excluded from all facilities that pose a mortality risk, including, but not limited to, heater treaters, flare stacks, and secondary containment where escape may be difficult or wildlife toxicants are present.

STANDARD

General

Construction

1. Construction and drilling activity will not be conducted using frozen or saturated soil material during periods when watershed damage or excessive rutting is likely to occur.
2. Remove all available topsoil (depths vary from 4 inches on ridges to 12+ inches in bottoms) from constructed well locations including areas of cut and fill, and stockpile at the site. Topsoil will also be salvaged for use in reclamation on all other areas of surface disturbance (roads, pipelines, etc.). Clearly segregate topsoil from excess spoil material. Any topsoil stockpiled for one year or longer will be signed and stabilized with annual ryegrass or other suitable cover crop.
3. The operator will not push soil material and overburden over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved without creating additional undue surface disturbance and where it does not impede watershed and drainage flows.
4. Construct the backslope no steeper than ½:1, and construct the foreslope no steeper than 2:1, unless otherwise directed by the BLM Authorized Officer.
5. Maintain a minimum 20-foot undisturbed vegetative border between toe-of-fill of pad and/or pit areas and the edge of adjacent drainages, unless otherwise directed by the BLM Authorized Officer.

6. All overhead electrical power lines on federal surface will be constructed to the Avian Power Line Interaction Committee (2005, 2006) standards to minimize electrocution potential to birds of prey.
7. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
8. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than 10⁻⁷ cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
9. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
10. Culverts will be placed on channel bottoms on firm, uniform beds, which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.
11. The minimum diameter for culverts will be 18 inches. However, all culverts will be appropriately sized in accordance with standards in BLM Manual 9113.
12. Construction and other project-related traffic will be restricted to approved routes. Cross-country vehicle travel will not be allowed.
13. Maximum design speed on all operator constructed and maintained roads will not exceed 25 miles per hour.
14. Pipeline construction shall not block nor change the natural course of any drainage. Pipelines shall cross perpendicular to drainages. Pipelines shall not be run parallel in drainage bottoms. Suspended pipelines shall provide adequate clearance for maximum runoff.
15. Pipeline trenches shall be compacted during backfilling. Pipeline trenches shall be routinely inspected and maintained to ensure proper settling, stabilization and reclamation.
16. During construction, emissions of particulate matter from well pad and road construction would be minimized by application of water or other non-saline dust suppressants with at least 50 percent control efficiency. Dust inhibitors (surfacing materials, non-saline dust suppressants, and water) will be used as necessary on unpaved roads that present a fugitive dust problem. The use of chemical dust suppressants on public surface will require prior approval from the BLM Authorized Officer.
17. Operators are required to obtain a National Pollution Discharge Elimination System (NPDES) Storm Water Permit from the Wyoming DEQ for any projects that disturb five or more acres (changing to one acre in March 2005). This general construction storm water permit must be obtained from WDEQ prior to any surface disturbing activities and can be obtained by following directions on the WDEQ website at <http://deq.state.wy.us>. Further information can be obtained by contacting Barb Sahl at (307) 777-7570.
18. The operator shall submit a Sundry Notice (Form 3160-5) to BLM for approval prior to construction

of any new surface disturbing activities that are not specifically addressed in the approved APD or POD Surface Use Plan.

Operations/Maintenance

1. Confine all equipment and vehicles to the access road(s), pad(s), and area(s) specified in the approved APD or POD.
2. All waste, other than human waste and drilling fluids, will be contained in a portable trash cage. This waste will be transported to a State approved waste disposal site immediately upon completion of drilling operations. No trash or empty barrels will be placed in the reserve pit or buried on location. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with.
3. Rat and mouse holes shall be filled and compacted from the bottom to the top immediately upon release of the drilling rig from the location.
4. The operator will be responsible for prevention and control of noxious weeds and weeds of concern on all areas of surface disturbance associated with this project (well locations, roads, water management facilities, etc.) Use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of Interior. Prior to the use of pesticides on public land, the holder shall obtain from the BLM authorized officer written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer to such use.
5. All permanent above-ground structures (e.g. , production equipment, tanks, etc.) not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color which simulates "Standard Environmental Colors." The color selected for this POD is covert green.
6. Sewage shall be placed in a self-contained, chemically treated porta-potty on location.
7. The operator and their contractors shall ensure that all use, production, storage, transport and disposal of hazardous and extremely hazardous materials associated with the drilling, completion and production of this well will be in accordance with all applicable existing or hereafter promulgated federal, state and local government rules, regulations and guidelines. All project-related activities involving hazardous materials will be conducted in a manner to minimize potential environmental impacts. In accordance with OSHA requirements, a file will be maintained onsite containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds and/or substances which are used in the course of construction, drilling, completion and production operations.
8. Produced fluids shall be put in test tanks on location during completion work. Produced water will be put in the reserve pit during completion work per Onshore Order #7.
9. The only fluids/waste materials which are authorized to go into the reserve pit are RCRA exempt exploration and production wastes. These include:
 - drilling muds & cuttings
 - rigwash
 - excess cement and certain completion & stimulation fluids defined by EPA as exemptIt does not include drilling rig waste, such as:
 - spent hydraulic fluids

- used engine oil
- used oil filter
- empty cement, drilling mud, or other product sacks
- empty paint, pipe dope, chemical or other product containers
- excess chemicals or chemical rinsate

Any evidence of non-exempt wastes being put into the reserve pit may result in the BLM Authorized Officer requiring specific testing and closure requirements.

10. Operators are advised that prior to installation of any oil and gas well production equipment which has the potential to emit air contaminants, the owner or operator of the equipment must notify the Wyoming Department of Environmental Quality, Air Quality Division (phone 307-777-7391) to determine permit requirements. Examples of pertinent well production equipment include fuel-fired equipment (e.g., diesel generators), separators, storage tanks, engines and dehydrators.

DryHole/Reclamation

1. All disturbed lands associated with this project, including the pipelines, access roads, water management facilities, etc will be expediently reclaimed and reseeded in accordance with the surface use plan and any pertinent site-specific COAs.
2. Disturbed lands will be recontoured back to conform with existing undisturbed topography. No depressions will be left that trap water or form ponds.
3. The fluids and mud must be dry in the reserve pit before recontouring pit area. The operator will be responsible for recontouring of any subsidence areas that develop from closing a pit before it is completely dry. The plastic pit liner (if any) will be cut off below grade and properly disposed of at a state authorized landfill before beginning to recontour the site.
4. Before the location has been reshaped and prior to redistributing the topsoil, the operator will rip or scarify the drilling platform and access road on the contour, to a depth of at least 12 inches. The rippers are to be no farther than 24 inches apart.
5. Distribute the topsoil evenly over the entire location and other disturbed areas. Prepare the seedbed by disking following the contour.
6. Waterbars are to be constructed at least one (1) foot deep, on the contour with approximately two (2) feet of drop per 100 feet of waterbar to ensure drainage, and extended into established vegetation. All waterbars are to be constructed with the berm on the downhill side to prevent the soft material from silting in the trench. The initial waterbar should be constructed at the top of the backslope. Subsequent waterbars should follow the following general spacing guidelines:

| Slope (percent) | Spacing Interval (feet) |
|-----------------|-------------------------|
| less than 2 | 200 |
| 2 – 4 | 100 |
| 4 – 5 | 75 |
| greater than 5 | 50 |

7. The operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. On BLM surface or in lieu of a different specific mix desired by the surface owner, use the following:

| Sandy/Loamy/Clayey Ecological Site Seed Mix Species | % in Mix | Lbs PLS* |
|--|-----------------|--------------------|
| <i>Thickspike Wheatgrass</i> (Elymus lanceolatus ssp. lanceolatus) | 25 | 3.0 |
| <i>Prairie sandreed</i> (Calamovilfa longifolia) | 35 | 4.2 |
| <i>Indian ricegrass</i> (Achnatherum hymenoides) | 25 | 3.0 |
| <i>Prairie coneflower</i> (Ratibida columnifera) | 5 | 0.6 |
| <i>Green needlegrass</i> (Nassella viridula) | 5 | 0.6 |
| <i>Blue flax</i> (Linum lewisii) | 5 | 0.6 |
| Totals | 100% | 12 lbs/acre |

*PLS = pure live seed, Northern Plains adapted species, Double this rate if broadcast seeding

This is a recommended seed mix based on the native plant species listed in the NRCS Ecological Site descriptions, U.W. College of Ag., and seed market availability. A site-specific inventory will allow the resource specialist to suggest the most appropriate species, percent composition, and seeding rate for reclamation purposes.

8. BLM will not release the performance bond until the area has been successfully revegetated (evaluation will be made after the second complete growing season) and has met all other reclamation goals of the surface owner and surface management agency. Further clarified in SDR Decision WY-2011-22.
9. The operator must submit a Notice of Intent to Abandon and a Subsequent Report of Abandonment for abandonment approval.
10. For performance bond release approval, a Final Abandonment Notice (with a surface owner release letter on split-estate) must be submitted prior to a final abandonment evaluation by BLM.
11. Soil fertility testing and the addition of soil amendments may be required to stabilize some disturbed lands.
12. Any mulch utilized for reclamation needs to be certified weed free.

Producing Well

1. Landscape those areas not required for production to the surrounding topography as soon as possible. The fluids and mud must be dry in the reserve pit before recontouring pit area. The operator will be responsible for recontouring and reseeding of any subsidence areas that develop from closing a pit before it is completely dry.
2. Reduce the backslope to 2:1 and the foreslope to 3:1, unless otherwise directed by the BLM Authorized Officer. Reduce slopes by pulling fill material up from foreslope into the toe of cut slopes.
3. Production facilities (including dikes) must be placed on the cut portion of the location and a minimum of 15 feet from the toe of the back cut unless otherwise approved by the BLM Authorized Officer.
4. A dike will be constructed completely around the production facilities (i.e. production tanks, water tanks, and heater-treater). The dikes for the production facilities must be constructed of impermeable soil, hold 110% of the capacity of the largest tank plus 1-foot of freeboard, and be independent of the back cut.

5. Any chemicals used in treating the wells (e.g., corrosion inhibitor, emulsion breaker, etc.) will be in a secure, fenced-in area with appropriate secondary containment structure (dikes, catchment pan, etc.).
6. The load out line coming from the oil/condensate tank(s) will have a suitable containment structure to capture and recycle any oil spillage that might occur.
7. Individual production facilities (tanks, treaters, etc.) will be adequately fenced off (if entire facility not already fenced off).
8. Any spilled or leaked oil, produced water or treatment chemicals must be reported in accordance with NTL-3A and immediately cleaned up in accordance with BLM requirements. This includes clean-up and proper disposition of soils contaminated as a result of such spills/leaks.
9. Distribute stockpiled topsoil evenly over those areas not required for production and reseed as recommended.
10. Upgrade and maintain access roads and drainage control (e.g., culverts, drainage dips, ditching, crowning, surfacing, etc.) as necessary and as directed by the BLM Authorized Officer to prevent soil erosion and accommodate safe, environmentally-sound access.
11. Prior to construction of production facilities not specifically addressed in the APD/POD, the operator shall submit a Sundry Notice to the BLM Authorized Officer for approval.
12. If not already required prior to constructing and drilling the well location, the operator shall immediately upgrade the entire access road to BLM standards (including topsoiling, crowning, ditching, drainage culverts, surfacing, etc.) to ensure safe, environmentally-sound, year-round access.
13. Waterbars shall be installed on all reclaimed pipeline corridors.